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BEFORE THE
POSTAL REGULATORY COMMISSION
WASHINGTON, D.C. 20268-0001

Statutory Review of the System for Regulating Rates and Classes for Market Dominant Products	)))	Docket No. RM2017-3

COMMENTS OF DISCOVER FINANCIAL SERVICES ON REVISED NOTICE OF PROPOSED RULEMAKING (February 3, 2020)

Pursuant to Order No. 5337, Discover Financial Services ("Discover") submits these comments on the Commission's Revised Notice of Proposed Rulemaking. While Discover appreciates the Commission's willingness to respond to comments and revise its proposal, the current proposed rules, if implemented, would risk exacerbating the volume loss the Commission is ostensibly attempting to mitigate by driving more volume out of the mail and disincentivizing Postal Service efforts to reduce costs and grow volume. The proposed rules could lead to annual rate increases of unprecedented scale while diminishing the predictability of the size of each increase. Discover urges the Commission to reconsider its proposal and, instead, revise its rules to eliminate barriers in the existing system to the development of Negotiated Service Agreements ("NSAs") and other innovative pricing initiatives that have the potential to significantly reduce volume loss.

I. DISCOVER AND ITS USE OF THE UNITED STATES POSTAL SERVICE

As Discover explained in previous comments in this docket,[1] Discover is a direct bank and payment financial services company that offers credit card services and other financial

[1] *See* Docket No. RM2017-3, Comments of Discover Financial Services at 3 (March 1, 2018) ("Discover Initial Comments").

service products under the Discover Card and other Discover brands. Discover conducts its business primarily through electronic and digital channels as it does not have a large brick and mortar retail presence. Discover is also one of the largest First-Class and Marketing Mail letter mailers in the United States, and it uses competitive products as well. Discover uses the mail for billing and invoicing, sending legal notices, marketing services to existing and potential customers, and fulfillment. In 2019, Discover mailed 850 million pieces of marketing mail, 150 million pieces of First-Class Mail, and 3.5 million First-Class Parcels. Discover's extensive and creative use of the mail has been recognized throughout the industry.

Discover is also active in digital marketing channels and in recent years has increased the share of marketing dollars it devotes to these efforts. As marketing budgets are not unlimited, these expenditures often represent a shift of resources away from postal campaigns. While Discover values the mail as an effective marketing tool, it is ultimately agnostic about the channels it uses to engage potential customers. Discover will use the marketing channels that provide it with the best value—in other words, those that best meet Discover's business needs when factoring in the cost of the channel and the response rate provided. Importantly, the more predictable the cost of a marketing channel, the better Discover can plan campaigns, budget resources, and asses the expected value of a campaign.

In other words, Discover, like any large mailer, does not use the postal system out of habit. It uses the postal system according to its business needs. In some instances—such as when physical delivery of a letter is essential or required by law—Discover has no other option than to use the Postal Service. But in other situations, particularly when it comes to marketing mail, Discover can elect to use alternative channels.

Of course, digital marketing is not a perfect substitute for marketing mail, and the Postal Service and providers of digital marketing services are not direct competitors. Moving from postal marketing to digital involves investments in both technology and human capital—new systems, expertise, and sometimes culture need to be put in place. While changes in postal prices might cause a company to expand or contract particular mail campaigns, the decision whether to engage customers through the mail or through digital channels is not made on a campaign-by-campaign basis according to the marginal price difference between postal and digital channels. Therefore, an isolated increase in rates will not necessarily cause a mailer like Discover to abandon mail in favor of electronic channels. But sustained and unpredictable above-CPI increases—such as those essentially guaranteed by the Commission's current proposal—reduce the value of mail over the long term and could provide the impetus for that investment. And once that investment is made, the mailer is unlikely to return to the mail unless the trend lines reverse. That is, just as a momentary increase in prices will not necessarily drive a company out of the mail, a momentary decrease in prices will not bring it back.

These are the forces and considerations Discover and other companies have been facing since the enactment of PAEA, forces that have only grown stronger since the recession. Digital marketing channels have become more attractive even as postal prices, with the exception of the exigent increase, have been limited by the CPI-based price cap. Discover's own experience, detailed in its initial comments on Order No. 4258, demonstrates the challenges the current business environment poses to postal volume. Unfortunately, the Commission proposal in Order No. 5337 does little to address these challenges.

II. <u>THE COMMISSION'S PROPOSAL WILL NOT AMELIORATE THE PRINCIPAL OBSTACLES TO A HEALTHY POSTAL SERVICE: VOLUME LOSS AND UNCONTROLLED COST GROWTH</u>

Order No. 5337 improves upon the Commission's prior orders by at least more specifically identifying the problems faced by the Postal Service: an irrational legislative command to prefund retiree health benefits, declining volume, and rising costs. Notably, none of these problems are a direct result of the system of regulation currently in place. The prefunding requirement is mandated by Congress; declining volume results in part from societal and technological trends and in part from Postal Service management practices; and the rising costs result from a variety of factors both within and outside of the Postal Service's control. It is therefore not surprising that the Commission's proposed revisions to the system of regulation will not ameliorate these problems. In fact, the proposed revisions will likely exacerbate them.

A. The Commission Fails to Consider the Cumulative Impact of Price Increases on Volume

It is axiomatic that as the price of a product or service increases, the demand for that product or service will decrease. Yet the Commission's proposed rules do not reflect this reality. Instead, they could result in cumulative price increases that far exceed inflation on an annual basis. Such increases would inevitably drive more volume out of the postal system, exacerbating the very problem the Commission claims it is trying to solve.

The Commission's own data indicates that its density rate authority proposal could have provided the Postal Service with between 0.69% and 2.69% additional pricing authority between 2013 and 2019. Order No. 5337 at 80, Table IV-3. Its retirement rate authority proposal could provide the Postal Service with between 0.827% and 1.111% additional authority in years 2021 through 2025. *Id.* at 100, Table IV-6. The Commission also proposes to provide the Postal Service with 1.0% additional authority through performance-based rate authority, and noncompensatory products must be increased by a minimum of 2 percentage points above the percentage increase for the class (which one can assume is roughly equal to CPI). Thus, assuming the ranges for the density and retirement authority are representative, the proposed rules could result in cumulative single-year price increases of 6.8% above CPI for certain products in a perfect storm scenario. This level of increase far exceeds the 4.3% exigent surcharge. Moreover, these increases could occur annually, and unlike the exigent surcharge, they will not be removed from the base rates and will compound.

Sustained rate increases of this magnitude will drive volume out of the system as they encourage more mailers to shift to digital channels. The production and per-customer contact costs of mail campaigns are already more expensive than those of digital campaigns. As this gap widens, the additional value that may currently be provided by mail (in terms of response rate, revenue generated, and return on investment) will dissipate and no longer justify the additional cost.

The Commission fails to grapple with this reality in Order No. 5337. This is especially troubling given that the Commission repeatedly dismisses criticisms of its supplemental rate authority on the basis that commenters are not "viewing the objectives of the PAEA as they operate in conjunction with the others," Order No. 5337 at 113, or that a particular supplemental authority "is not intended to be considered in isolation without consideration of the supplemental rate authority and other proposals." *Id.* at 124. The Commission, too, must consider its proposals in total. Even if the performance-based authority provides an incentive to increase productivity, the additional authority offered for declines in density reduces that incentive, and the combined effect of both pieces of supplemental authority significantly reduces the incentives for cost reductions inherent in the current system with its stricter CPI-based price cap.

Furthermore, whatever purpose each additional supplemental rate authority is intended to serve, the combined impact of all of them will be price increases significantly above those allowed under the current system that will cause additional volume loss. Of course, because of the density-based supplemental authority, this volume loss will just create more pricing authority for the Postal Service, potentially driving even more volume out of the system.

Rather than address these cumulative impacts, the Commission wishes them away with talk of allowing the Postal Service to "reenter the financial health cycle." Order No. 5337 at 14. That is, the Commission hopes that all the additional rate authority will lead to additional revenue, which will lead to capital investments that increase efficiencies and improve service, that will then lead to more volume. Would that it would be so—but the Commission has provided no reason to believe it will be. It has not identified how a lack of capital investment has led to declining service or loss of volume, and it has not identified capital investments that would reverse this trend. There is no evidence in the record that this "financial health cycle" existed in the past, only supposition that it will exist in the future, and no consideration of whether there are actions the Postal Service could take under the existing system to bring about this cycle.

Thus, while the benefits of additional revenues are uncertain, the detrimental impacts of price increases well above changes in CPI are not. If prices increase, volume will decline. The Commission has not done any analysis to assess whether the additional revenue provided by higher prices will outpace revenue lost from further volume declines. And because the potential sustained increases under the proposed rule are so much higher than those allowed under PAEA, the Commission does not even possess reliable elasticity factors that could allow it to accurately estimate these effects. In the end, it has simply deferred to the Postal Service, trusting it to set prices below the maximum allowed when necessary to prevent volume loss. *See* Order No. 5337 at 124 (explaining that “the Postal Service must exercise business judgment to determine the appropriate level of rate increases in light of various considerations, including the effect on mail volumes”).

B. The Proposed Rules Reduce the Predictability of Rate Increases

The Commission must also consider that the proposed supplemental rate authorities introduce elements of uncertainty into Postal rates. It is difficult enough for mailers to budget for price increases under the current system in which price increases for individual products can vary significantly from the class average. But in the current system, mailers can at least predict the class average and budget for and develop marketing campaigns with expected CPI-based increases as a guide. The proposed rules would eliminate this certainty.

As shown in Tables IV-3 and IV-6 of Order No. 5337, the amount of density authority and retirement authority varies widely from year to year. As detailed in proposed §§ 3010.160 (density), 3010.181 (retirement), and 3010.200 (performance), the amount of supplemental authority available to the Postal Service in a given year will not be known until the Postal Service files reports by December 31 of the previous year and the Commission approves the filing (presumably in the early part of the subsequent year). The authority must be included in the calculation of the maximum available authority performed in the notice of price change, which, if the traditional schedule holds, would not be until the fall of that year. Further, the authority will lapse if it is “unused” within 12 months of the date the Commission identifies the amount of available authority. The rules are unclear as to whether including the authority in the notice of rate change means that this authority will be “used” within 12 months even if, assuming the usual January effective date, the rates might not go into effect until more than 12 months after the Commission’s determination. If the Postal Service must actually incorporate the additional authority into rates within 12 months, that could lead to either a change in the current timing of rate changes or an additional "supplemental authority" increase being filed shortly after new rates take effect. Neither outcome promotes predictability and stability in rates. Curiously, the Commission does not even address Objective 2, "[t]o create predictability and stability in rates," when discussing these supplemental rate authorities.

Predictability and stability in rates are crucial for business that use the mail for marketing purposes. Marketing campaigns are planned months in advance, and mailers can only assess the expected value of these campaigns if they can estimate the cost of the campaigns. Multiple price increases within a year, or the possibility that price increase will vary wildly from CPI, inhibit planning, upset budgets, and make mail a less attractive marketing option.

This unpredictability compounds the disincentive to mail provide by the cumulative price increases the Commission's proposal would authorize. As prices rise faster than inflation, and the size and timing of those increases become less predictable, more mail will migrate to digital channels.

C. The Proposed Rules Incorrectly Assume All Volume Loss is Outside of the Postal Service's Control

While the Commission correctly recognizes that declining volumes pose a problem for the Postal Service's finances, its proposed solution to the problem—supplemental rate authority based on declines in mail density—incorrectly assumes that all volume loss is outside of the Postal Service's control. As Timothy Brennan explained in support of the Public Representative's comments on Order No. 4258, any adjustment factor added to the price cap to account for declining volume should distinguish between demand reductions caused by exogenous factors and those caused by factors within the Postal Service's control, such as reductions resulting from reduced quality of service. [2] The Commission's proposed supplemental

[2] *See* Declaration of Timothy J. Brennan for the Public Representative at 14 (March 20, 2017).

rate authority makes no such distinction. Instead, it accounts for all volume loss in the prior year, regardless of the cause.

While there are certainly societal and technological trends that are causing the Postal Service to lose volume, it is naïve to think that all of the volume loss experienced since the enactment of PAEA was inevitable. It is even less appropriate to assume that all volume lost in the future will be lost solely due to exogenous factors. But that is exactly what the density authority does. It provides additional rate authority to compensate for lost volume without any assessment of the cause of that loss. And in so doing, it creates perverse incentives, compensating the Postal Service for lost volume that it could have avoided through management action. The density authority is therefore an arbitrary and capricious solution to the problem of declining postal density.

D. The Postal Service and the Commission possess tools to address volume loss

Order No. 5337 quotes the Postal Service's comments on Order No. 4258 for the proposition that volume decline and network growth "are the primary drivers of the large net losses the Postal Service suffered under the PAEA." Order No. 5337 at 61 (quoting USPS Initial Comments at 70). While this statement is not exactly correct—the retiree health benefit prefunding requirement is responsible for approximately 90% of the Postal Service's reported losses—volume decline has had a significant adverse impact on the Postal Service and will remain a challenge going forward. Indeed, volume decline and cost control are the two primary challenges facing the Postal Service. Any revisions to the system of ratemaking should therefore focus on promoting volume growth and retention and cost reduction.

The proposed rules in Order No. 5337 focus instead on revenue growth. As noted above, the cumulative price authority provided by the supplemental authority risks undermining the Commission's goals by reducing incentives to reduce costs and authorizing price increases that could drive more volume from the system, and the volume density authority, in particular, weakens incentives to grow volume. There are alternative changes the Commission could make to the system of ratemaking, however, that would fix obstacles to volume growth and retention contained in the current system.

Discover highlighted one of the deficiencies in the current system of ratemaking in its Initial Comments: the Commission's overly skeptical approach to market-dominant Negotiated Service Agreements ("NSAs"). *See generally* Discover Initial Comments at 3-4. As Discover detailed, Discover and the Postal Service negotiated an NSA that, by providing a financial rebate if Discover reached certain revenue targets, would reduce the overall cost to Discover of using the Postal Service, make the Postal Service more competitive with digital marketing, and encourage Discover to continue to put its marketing dollars toward postal campaigns instead of shifting them to digital campaigns. The Postal Service estimated that the arrangement would provide it with an additional $115.7 million over the term of the NSA, and Discover concluded that the NSA would cause it to continue to put some portion of the substantial resources it had already planned to shift to digital campaigns toward postal campaigns. The Commission rejected the NSA; Discover shifted all these resources to digital campaigns; and the Postal Service lost volume. *See generally* Discover Initial Comments at 4 (internal citations omitted).

The Commission rejected this NSA because it found the Postal Service did not demonstrate that the NSA would improve the net financial position of the Postal Service by increasing the overall contribution to institutional costs. *See* Order No. 2410 at 2. While, in retrospect, the Postal Service would clearly be in a better financial position today if Discover had spent the $100 million it shifted to digital campaigns on postal campaigns instead, Order No. 2410 relied on the Commission's "accepted methodology" to evaluate the agreement's expected impact. That methodology, which relies on price elasticity estimates to attempt to distinguish between volume induced by discounts and that which would have been mailed absent the agreement, indicated the NSA would result in a negative financial impact on the Postal Service. *Id*.

In this case, the "accepted methodology" produced a result that turned out to be incorrect. More importantly, this methodology has proven to be a significant obstacle to the development of NSAs. Mailers and the Postal Service simply cannot meet the evidentiary burden it imposes. As a result, there are currently no market dominant NSAs in effect. Furthermore, in a time when the Commission should be assuming that mailers' volume would be declining under a status quo scenario, the methodology effectively assumes that mail entered below discount thresholds would have been entered even absent an NSA. As Discover's experience has shown, this is not a reasonable assumption.

Fortunately, the Commission's "accepted methodology" is not the only methodology it could apply, and the Commission could use this review of the ratemaking system to change it. The PAEA does not set any specific standards for NSAs. It does, however, direct the Commission, when establishing (or revising) its system of ratemaking, to "take into account" the "desirability of . . . agreements between the Postal Service and postal users . . . that . . . improve the net financial position of the Postal Service through . . . increasing the overall contribution to the institutional costs of the Postal Service." 39 U.S.C. § 3622(c)(10)(i) (Factor 10). Yet despite comments filed by Discover and others urging the Commission to consider how its rules could better encourage the development of market dominant NSAs and other innovative pricing strategies to allow the Postal Service to use all the tools available to it to grow volume, neither Order No. 4258 nor Order No. 5337 have any discussion of this issue. Even Order No. 4257, supposedly a comprehensive review of the current system and its operation, has only passing mentions of Factor 10 and the use of NSAs. *See* Order No. 4257 at 89 (*citing* ANM, *et al*. comments); 95 (noting the ability to enter NSAs is a component of pricing flexibility); 150 (noting Factor 10 is relevant to the financial health of the Postal Service but providing no substantive discussion of how the Commission's implementation of that factor has impacted the Postal Service).

This failure to meaningfully "take into account" Factor 10 or comments addressing it renders the Commission's analysis of the existing system in Order No. 4257 and its proposed rules in Order No. 5337 arbitrary and capricious. But setting aside this legal issue, the Commission's failure to consider changes to regulations governing market dominant NSAs represents a lost opportunity to address the volume declines that plague the Postal Service. In this environment, the Postal Service should be taking every opportunity it can to retain and grow volume, and the Commission should be making necessary changes to its regulations to incentivize and support such actions. Instead, the Commission has maintained the barriers to developing NSAs in the existing system that have hamstrung the Postal Service's efforts to date.

Discover submits that the Commission should revise its rules to allow for the approval of volume discounts in market dominant NSAs whenever the discounted volume would still cover its attributable costs. This is the standard applied to competitive agreements, and it has proved wildly successful. It is also perfectly consistent with the PAEA. In an environment of declining volume, actions that maintain or grow volume are likely to "increase[e] the overall contribution to the institutional costs of the Postal Service" over the status quo so long as products are priced above cost. 39 U.S.C. § 3622(c)(10)(A)(i).

Such a revision would recognize that the Postal Service and its customers are in a better position to determine how mailers will react to incentives provided by NSAs, and how they would act in the absence of an NSA, than the Commission is. The negotiation of an NSA is no different from the negotiation of a contract between any two business entities. Both parties take on some risk, and both look to achieve an outcome they believe will advance their interests. Whereas the Commission has generally shown no desire to involve itself in the Postal Service's business decisions, particularly as to operations and capital investment, it has abandoned this reticence when presented with market-dominant NSAs.

The alternative approach suggested by Discover would grant Postal Service management the flexibility to asses which products are most susceptible to electronic diversion and negotiate NSAs to retain that volume. At the same time, the Postal Service would be able to raise prices on less elastic prices, thus improving overall contribution. That is, the Postal Service could apply Ramsey pricing principles to maximize the total contribution to institutional costs from market dominant prices. That is how the PAEA was intended to work and why the statute provided for only limited oversight of price changes within a class of products. *See* 39 U.S.C. § 3622(b)(8) (explaining that Objective 8 should "not be construed to prohibit the Postal service from making changes of unequal magnitude within, between, or among classes of mail"); *id.* at § 3622(d)(2)(A) (applying the CPI limitation at the class, rather than product, level). The Commission's unreasonably stringent interpretation of the phrase "increasing the overall contribution to the institutional costs of the Postal Service" has upset this dynamic and substituted the Commission's business judgment for that of Postal Service management.

NSAs not only provide mailers with discounts to incent volume retention and growth, but they can also provide the stability and predictability in prices mailers rely on to plan marketing campaigns. They could be a key component to the future health of the Postal Service. Indeed, contract rates have helped revive other network industries facing similar problems of declining volume and rising costs. After contract rates were authorized for railroads in 1980, the practice gained rapid acceptance, and 70 percent of railroad tonnage moved under contract rates by 2004.[3] Coincident with this change, railroad rates decreased industry-wide while railroad profits increased.[4] The Commission, aiming for similar results for the Postal Service, should employ similar tools.

Relaxing the standards for market dominant NSAs is not the only change the Commission could make to encourage volume retention and growth. The market test and experimental product provisions of the current system are woefully underused, yet they provide the opportunity for the kind of experimentation and innovative pricing that will be required for the Postal Service to return to profitability. The Postal Service could also investigate niche classifications, and the Commission could revise its rules to encourage the development of broadly applicable volume incentive rates. It can expand its use of promotions, which have already been proven to drive volume and innovative uses of the mail. Any of these changes would be more likely to lead to increased profitability for the Postal Service than the counterproductive above-CPI rate increases contemplated by Order No. 5337.

E. The Proposed Rules Do Not Address Rising Costs

As noted above, the key issues facing the postal service, outside of prefunding, are declining volumes and rising costs. Order No. 5337's proposed rules do not address these

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[3] *See* United States Government Accountability Office, Report No. GAO-07-94, *Freight Railroads: Industry Health Has Improved, But Concerns about Competition and Capacity Should Be Addressed* at 24 (Oct. 2006). Contract rates allowed the railroads to implement demand-based differential pricing to retain more price-sensitive volume while ensuring a greater overall contribution to fixed costs. *See id.* at 8.

[4] *Id.* at 9-12.

increasing costs, other than by claiming that increased revenue will allow the Postal Service to make unspecified capital investments that will reduce costs. A better approach would be to reaffirm a commitment to a CPI-limited price cap to incentivize the Postal Service to use the tools already at its disposal to reduce its costs and operate more efficiently.

As the Commission recognized in Order No. 547, the primary incentive a regulated entity has to reduce costs under indexed-based ratemaking is that it will lose money if it fails to limit its costs from increasing faster than the index. Order No. 547 at 11-13. In the case of the Postal Service, the index used is the CPI-U, which is a measure of inflation throughout the economy. Contrary to the Commission's contention in Order No. 5337, the price cap is not designed to allow the Postal Service to recoup costs "driven by" inflation. *See* Order No. 5337 at 70. The index simply serves as a benchmark. Because the CPI-U is a measure of how costs have increased throughout the economy, it provides a reasonable proxy for the cost increases one would expect an average firm to incur over time. If the firm is more efficient than average, its costs will increase less than CPI-U; if it is less efficient than average, its costs will increase more than CPI-U. Under a price cap system, the regulated entity can make and retain profits if it is more efficient than the average firm. But it is not "compensated" for cost increases, whether driven by inflation or not, and it is not guaranteed recovery of any costs. If it wants to earn a profit, it must take affirmative steps to prevent its costs from increasing more than the index.

The Postal Service has lost money because it has not been able to keep its cost increases from outpacing inflation. The Commission's proposed rules are premised on the idea that a lack of capital investment is the cause of this inability. Discover has identified flaws with that proposition above. But even if a lack of capital investment has played some role in the Postal Service's rising costs, the Postal Service still has actions it could take to reduce costs.

The Postal Service could expand initiatives such as its Green and Secure method of Move Update compliance that reduce costs by reducing the amount of misaddressed mail the Postal Service must handle. It could also use its existing pricing authority to offer incentives for low-cost mail or to incent entry and preparation of mail that reduces processing and transportation costs.[5] Often, the Postal Service has sought these ends through regulation, imposing onerous regulatory requirements on mailers. Such complex requirements (with the potential for significant financial penalties if violated) discourage the use of mail, limit the Postal Service's ability to attract new mailers, and cause the Postal Service to incur additional administrative costs to develop, defend, and enforce these rules. Price incentives, by contrast, such as the discount offered for adoption of the Full Service IMb, can achieve these same ends while increasing the attractiveness of the postal channel.

Neither Discover nor the Commission can identify all the cost-cutting activities the Postal Service could undertake; there are likely potential cost reductions available that the Postal Service itself is not yet aware of. The beauty of price cap regulation, however, is that the Commission need not identify or direct any particular cost saving measures. Instead, the incentives provided by the cap should spur the Postal Service to find and exploit these cost-saving opportunities.

Unfortunately, not only do the Commission's proposed rules not provide any specific initiatives that would assist the Postal Service in reducing its costs, but the supplemental pricing authority the Commission proposes to provide weakens the incentives the Postal Service has to find these savings opportunities on its own. The proposed rules therefore provide no rational

[5] The Commission's proposal to bring workshare discounts that currently pass through less than 100% of avoided costs closer to Efficient Component Pricing is a positive step in this regard. If properly implemented, it should encourage the most efficient division of costs between the Postal Service and private industry, reducing the overall cost burden of the Postal Service.

solution to the problem of the Postal Service's rising costs. Recommitting to the CPI-U price cap would, by contrast, strengthen the Postal Service's incentives to find solutions.

III. CONCLUSION

If the Commission believes it must make changes to its current system of rate regulation, it should focus on changes that will help the Postal Service stem volume losses and reduce costs. Unfortunately, the proposals in Order No. 5337 would have the opposite effect. The substantial above-CPI price increases they would allow would reduce incentives to operate efficiently and drive more volume out of the system. The uncertainty introduced by the multiple forms of supplemental authority would make it even harder for mailers to plan marketing campaigns using the mail. Worse, the proposals do not eliminate current barriers to volume growth, such as the overly restrictive criteria used to evaluate NSAs. Discover therefore respectfully requests that the Commission withdraw the proposed rules.

Respectfully submitted,

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